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**GOODWILL INDUSTRIES OF
ACADIANA, INC.**

Financial Report

Years Ended December 31, 2000 and 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-15-01

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Goodwill Industries of Acadiana, Inc.
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Goodwill Industries of Acadiana, Inc. (a nonprofit organization), as of December 31, 2000 and 1999, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Goodwill's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations."* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of Acadiana, Inc. as of December 31, 2000 and 1999, and the changes in its net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 22, 2001, on our consideration of Goodwill Industries of Acadiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Goodwill Industries of Acadiana, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations,"* and the supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

May 22, 2001

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Financial Position
December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 77,047	\$ 105,246
Accounts receivable	397,995	390,108
Grant receivable	290,910	1,152,687
Other receivables	14,080	23,098
Prepaid expenses	<u>134,264</u>	<u>124,975</u>
Total current assets	<u>914,296</u>	<u>1,796,114</u>
LAND, BUILDING, AND EQUIPMENT, net	<u>3,874,459</u>	<u>3,189,732</u>
OTHER ASSETS		
Notes receivable	12,256	17,674
Deposits	9,180	19,200
Other receivables	<u>55,773</u>	<u>41,954</u>
	<u>77,209</u>	<u>78,828</u>
 TOTAL ASSETS	 <u>\$ 4,865,964</u>	 <u>\$ 5,064,674</u>

	<u>2000</u>	<u>1999</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Notes payable	\$ 143,300	\$ 88,852
Current portion of capital lease obligations	8,904	25,884
Current maturities of long-term debt	42,739	39,295
Accounts payable	111,859	259,381
Payroll and related liabilities	134,036	153,667
Accrued expenses	51,291	108,979
Other liabilities	<u>41,647</u>	<u>44,603</u>
Total current liabilities	<u>533,776</u>	<u>720,661</u>
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	747,288	786,326
Capital lease obligations, less current portion	<u>6,352</u>	<u>9,780</u>
	<u>753,640</u>	<u>796,106</u>
NET ASSETS		
Unrestricted	3,287,638	2,395,220
Temporarily restricted	<u>290,910</u>	<u>1,152,687</u>
	<u>3,578,548</u>	<u>3,547,907</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,865,964</u>	<u>\$ 5,064,674</u>

The accompanying notes are an integral part of these financial statements.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Activities
Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
UNRESTRICTED NET ASSETS		
Support:		
Contributions	\$ -	\$ 3,984
Revenue:		
Contracts	155,014	169,043
Contributed goods production	1,833,192	1,514,323
Evaluation and training services	2,781,186	2,194,797
Interest revenue	878	1,563
In-kind revenue	45,628	44,081
Miscellaneous	28,903	15,434
	<u>4,844,801</u>	<u>3,939,241</u>
Net asset released from restrictions	<u>861,777</u>	<u>511,312</u>
Total support, revenue, and net assets released from restrictions	<u>5,706,578</u>	<u>4,454,537</u>
Expenses:		
Contracts	116,263	136,115
Contributed goods production	1,343,176	1,044,478
Evaluation and training services	2,805,897	2,347,276
Support services:		
Administration	548,824	397,019
	<u>4,814,160</u>	<u>3,924,888</u>
Increase in unrestricted net assets	<u>892,418</u>	<u>529,649</u>
TEMPORARILY RESTRICTED NET ASSETS		
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(861,777)</u>	<u>(511,312)</u>
Decrease in temporarily restricted assets	<u>(861,777)</u>	<u>(511,312)</u>
Increase in net assets	30,641	18,337
NET ASSETS, beginning	<u>3,547,907</u>	<u>3,529,570</u>
NET ASSETS, ending	<u>\$ 3,578,548</u>	<u>\$ 3,547,907</u>

The accompanying notes are an integral part of these financial statements.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Cash Flows
Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 30,641	\$ 18,337
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	147,319	120,978
Gain on sale of assets	(8,530)	(500)
(Increase) decrease in operating assets:		
Accounts receivable	(7,887)	(148,983)
Grant receivable	861,777	511,312
Prepaid expenses	(9,289)	(95,626)
Other receivables	(4,801)	(9,204)
Deposits	10,020	(11,000)
Increase (decrease) in operating liabilities:		
Accounts payable	(147,522)	56,127
Payroll and related liabilities	(19,631)	67,977
Accrued expenses	(57,688)	82,691
Other liabilities	<u>(2,956)</u>	<u>(37,418)</u>
Net cash provided by operating activities	<u>791,453</u>	<u>554,691</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(832,046)	(602,819)
Loans made	-	(1,219)
Proceeds from sale of fixed assets	8,530	500
Proceeds from repayment of note receivable	<u>5,418</u>	<u>3,000</u>
Net cash used in investing activities	<u>(818,098)</u>	<u>(600,538)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from short-term borrowing	54,448	88,852
Repayment of long-term debt	(835,594)	(58,949)
Repayment of capital lease obligations	(27,503)	(21,753)
Proceeds from long-term debt	800,000	28,089
Proceeds from capital lease obligations	<u>7,095</u>	<u>12,019</u>
Net cash (used in) provided by financing activities	<u>(1,554)</u>	<u>48,258</u>
Net (decrease) increase in cash and cash equivalents	(28,199)	2,411
BEGINNING CASH AND CASH EQUIVALENTS	<u>105,246</u>	<u>102,835</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 77,047</u>	<u>\$ 105,246</u>
Supplemental information:		
Interest paid	<u>\$ 107,343</u>	<u>\$ 95,456</u>

The accompanying notes are an integral part of these financial statements.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements Of Functional Expenses
Years Ended December 31, 2000 and 1999

	Lawn Maintenance Contract	Contributed Goods Production		
		Retail	Salvage/ Transportation	Total
PAYROLL AND RELATED EXPENSES				
Salaries and wages	\$ 60,104	\$ 489,810	\$ 109,898	\$ 599,708
Payroll taxes and insurance	<u>5,374</u>	<u>43,574</u>	<u>9,335</u>	<u>52,909</u>
Total payroll and related expenses	<u>65,478</u>	<u>533,384</u>	<u>119,233</u>	<u>652,617</u>
OTHER EXPENSES				
Material purchases	-	24,943	-	24,943
Repairs and maintenance	2,592	32,637	16,552	49,189
Supplies	11,261	33,772	5,233	39,005
Professional fees and contracted services	6,928	160,675	19,902	180,577
Promotion and entertainment	-	-	-	-
Telephone	185	24,071	1,377	25,448
Utilities	631	38,809	10,916	49,725
Rent	4	44,596	9,342	53,938
Travel and agency	5,392	4,189	5,837	10,026
Janitorial expense	-	10,541	-	10,541
Dues, subscriptions, and licenses	256	3,614	68	3,682
Conferences and seminars	100	199	100	299
Interest	1,318	17,797	23,177	40,974
Office and miscellaneous	96	24,164	921	25,085
Insurance	14,590	54,310	22,934	77,244
Advertising	-	252	-	252
Bad debt	-	-	-	-
Donation of goods	-	13,764	-	13,764
In-kind expense	-	-	-	-
Allocated administration costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other expenses	<u>43,353</u>	<u>488,333</u>	<u>116,359</u>	<u>604,692</u>
Total expenses before depreciation and amortization	108,831	1,021,717	235,592	1,257,309
DEPRECIATION AND AMORTIZATION	<u>7,432</u>	<u>76,257</u>	<u>9,610</u>	<u>85,867</u>
TOTAL EXPENSES	<u>\$ 116,263</u>	<u>\$ 1,097,974</u>	<u>\$ 245,202</u>	<u>\$ 1,343,176</u>

Evaluation, Training and Rehabilitation	Administration	Totals	
		2000	1999
\$ 1,899,174	\$ 336,939	2,895,925	\$ 2,383,632
<u>158,161</u>	<u>30,320</u>	<u>246,764</u>	<u>196,871</u>
<u>2,057,335</u>	<u>367,259</u>	<u>3,142,689</u>	<u>2,580,503</u>
-	-	24,943	24,790
12,308	9,279	73,368	61,327
56,386	10,319	116,971	89,941
2,247	18,135	207,887	154,971
-	-	-	369
78,974	24,518	129,125	94,354
8,527	1,354	60,237	41,452
49,663	4,290	107,895	89,477
164,416	14,975	194,809	179,348
1,862	1,367	13,770	15,056
3,023	61,535	68,496	36,968
8,631	5,998	15,028	21,099
5,585	59,466	107,343	95,141
21,515	20,494	67,190	61,605
31,046	144,986	267,866	183,358
2,290	7,290	9,832	12,188
-	-	-	200
-	-	13,764	17,682
45,628	-	45,628	44,081
<u>221,556</u>	<u>(221,556)</u>	<u>-</u>	<u>-</u>
<u>713,657</u>	<u>162,450</u>	<u>1,524,152</u>	<u>1,223,407</u>
2,770,992	529,709	4,666,841	3,803,910
<u>34,905</u>	<u>19,115</u>	<u>147,319</u>	<u>120,978</u>
<u>\$ 2,805,897</u>	<u>\$ 548,824</u>	<u>\$ 4,814,160</u>	<u>\$ 3,924,888</u>

The accompanying notes are an integral part of these financial statements.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in its Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations.

Business

Goodwill Industries of Acadiana, Inc. (Goodwill) is a not-for-profit charitable organization. Goodwill provides rehabilitation services, training and employment for the handicapped, disabled, and disadvantaged located in the Southwest Louisiana area by receiving contributions of discarded articles of clothing, furnishings, appliances, etc., which are processed and reconditioned for sale through their retail outlets. Directors of Goodwill receive no compensation of any kind.

Inventories

Purchased inventories of saleable goods are stated at cost. It is management's practice not to inventory contributed items.

Land, Building, and Equipment

Land, building, and equipment is recorded at cost. Assets are depreciated by the straight-line method over their useful lives as follows:

Buildings and improvements	25 - 40 years
Equipment, furniture and autos	5 - 7 years

Income Taxes

Goodwill qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore has no provision for federal income taxes. In addition, Goodwill has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2000 and 1999.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Goodwill also elected to adopt SFAS No. 116 *"Accounting for Contributions Received and Contributions Made,"* in 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Bad Debts

Goodwill accounts for bad debts using the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectable. The effects of using this method approximate those of the allowance method.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Vacation and Sick Leave

Vacation is earned after one year of employment and is calculated based on a calendar year. Any current unused vacation can be carried over for use in the case of an extended illness. Upon separation, employees will be compensated for any unused vacation generated in the current year. However, extended illness leave will not be paid.

Sick leave with pay is earned at a rate of 40 hours per calendar year, commencing 90 days after employment. Sick leave may be accumulated only for use in an extended illness. No sick leave is payable to an employee upon separation.

Accordingly, no accruals have been made for vacation or sick leave.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses for the years ended December 31, 2000 and 1999 was \$9,832 and \$12,188, respectively.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 2 LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following:

	<u>2000</u>	<u>1999</u>
Land	\$ 1,246,514	\$ 1,246,514
Buildings and improvements	2,555,568	1,974,762
Equipment, furniture, and autos	877,023	654,218
Equipment held under capital lease	<u>73,779</u>	<u>66,684</u>
	4,752,884	3,942,178
Less: Accumulated depreciation and amortization	<u>878,425</u>	<u>752,446</u>
	<u>\$ 3,874,459</u>	<u>\$ 3,189,732</u>

NOTE 3 EQUIPMENT USED BUT NOT OWNED

Certain equipment totaling \$13,772 and \$6,766 as of December 31, 2000 and 1999, respectively, is used by Goodwill in connection with its JTPA Program, however, this equipment is purchased and owned by JTPA and will be returned to JTPA upon the termination of the program.

NOTE 4 NOTES PAYABLE

Short-term notes payable consist of the following:

	<u>2000</u>	<u>1999</u>
Line-of-credit with Hibernia National Bank in the amount of \$115,000, due on demand, bearing interest at 11% per annum, secured annum, secured by accounts receivable	\$ 50,000	\$ -
Overdraft protection loan advance from Bank One, bearing interest at a variable rate of 15.9% per annum, payable in monthly installments, unsecured	1,658	2,000
Note payable to TMC, dated December 30, 2000, payable in 10 monthly installments of \$9,644, bearing interest at 11.27% per annum, secured by the unexpired portion of insurance policies	<u>91,642</u>	<u>86,852</u>
	<u>\$ 143,300</u>	<u>\$ 88,852</u>

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 5 LONG-TERM DEBT

	<u>2000</u>	<u>1999</u>
* Note payable to Hibernia National Bank, due February 29, 2000, payable in 59 monthly installments of \$4,239, including interest at 9.65% per annum, and one final payment of \$309,208, secured by collateral mortgage note in the amount of \$526,563	\$ -	\$ 308,560
Note payable to Bank One, due January 6, 2002, payable in 60 monthly installments of \$530, including interest at 9.75% per annum, secured by equipment	6,426	11,835
* Note payable to Bank One, due November 20, 2003, payable in 60 monthly installments of \$2,030, including interest at 8.5% per annum, and one final payment of \$122,845, secured by collateral mortgage note in the amount of \$350,000	-	167,830
Note payable to Hibernia National Bank, due February 29, 2000, payable in 60 monthly installments of \$953, including interest at 9.7% per annum, secured by collateral mortgage note	-	2,388
Note payable to Hibernia National Bank, due October 31, 2014, payable in 180 monthly installments of \$8,104, including interest at 8.86% per annum, secured by collateral mortgage note in the amount of \$800,000	775,493	-
Note payable to Hibernia National Bank, due February 11, 2002, payable in 48 monthly installments of \$615, including interest at 8.5% per annum, secured by vehicle	8,108	14,540
* Line-of-credit with Hibernia National Bank, due on demand, bearing interest at 11% per annum, secured by accounts receivable	-	247,020
* Line-of-credit with Bank One, due on demand, bearing interest at a variable rate of 9.25% at December 31, 1999, secured by accounts receivable	-	73,448
	<u>790,027</u>	<u>825,621</u>
Less: Current maturities	<u>42,739</u>	<u>39,295</u>
Total	<u>\$ 747,288</u>	<u>\$ 786,326</u>

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 5 LONG-TERM DEBT (CONTINUED)

* Subsequent to the December 31, 1999 balance sheet date, but before issuance of the report, Goodwill entered into an agreement with Hibernia National Bank to refinance four existing notes with an aggregate balance of \$796,858. Two of these notes, with a balance of \$320,468 at December 31, 1999, are current liabilities under the old financing agreement.

The new financing agreement is a note in the amount of \$800,000, payable in 180 payments of \$8,104, including interest at 8.86% per annum. Accordingly, this debt will be classified as long-term debt at December 31, 1999.

Maturities of long-term debt are as follows:

2001	\$ 42,739
2002	34,114
2003	35,536
2004	38,816
2005	42,398
Thereafter	<u>596,424</u>
Total	<u>\$ 790,027</u>

NOTE 6 RELATED PARTY TRANSACTIONS

Goodwill is the sponsoring agent of Goodwill Industries of Acadiana Housing Corporation. Goodwill Industries of Acadiana, Inc. pays Goodwill Industries of Acadiana Housing Corporation's salaries, benefits and other expenses and is subsequently reimbursed by Goodwill Industries of Acadiana Housing Corporation. At December 31, 2000 and 1999, there were related party receivables in the amounts of \$13,897 and \$19,289, respectively, due from Goodwill Industries of Acadiana Housing Corporation. Goodwill Industries of Acadiana, Inc. also has a note receivable from Goodwill Industries of Acadiana Housing Corporation at December 31, 2000 and 1999 in the amounts of \$11,713 and \$11,306, respectively; representing money lent to the housing corporation for their escrow deposit with HUD, plus accrued interest.

Goodwill is also the sponsoring agent of the Housing Corporation of Acadiana, Inc. located in Rayne, Louisiana. At December 31, 2000 and 1999, Goodwill Industries of Acadiana, Inc. has a note receivable in the amount of \$543 and \$6,368, respectively; representing money lent to the housing corporation for their escrow deposit with HUD, plus accrued interest. Goodwill also pays salaries, benefits, and other expenses on behalf of the Housing Corporation and is subsequently reimbursed. At December 31, 2000, there were related party receivables in the amount of \$9,804 due from Housing Corporation of Acadiana, Inc.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 7 OPERATING LEASES

On January 12, 1999 Goodwill entered into a 6 month operating lease with Carline Land Corp. with two, six-month renewal options for a building located in Morgan City, Louisiana. Monthly rent is \$325. Both renewal options were exercised and currently a month-to-month lease is in effect.

On March 15, 1999 Goodwill entered into a one-year operating lease with James Pauley with a one-year renewal option for a building located in Lake Charles, Louisiana. Monthly rent is \$1,300. The option was exercised and the lease renewed.

On March 1, 1999 and continuing on a month-to-month basis, Goodwill entered into an operating lease with Kent Builders, Inc. for a building located in Baton Rouge, Louisiana. Monthly rent is \$350 but will increase, as more office space is needed and available. This lease was cancelled on December 31, 2000.

In December 1994, Goodwill entered into a five-year non-cancelable operating lease on a building located in Lafayette, Louisiana. Monthly rent was \$3,300. This lease came due in January 2000 and was renewed at a monthly rental of \$3,465 for the period February 16, 2000 through February 15, 2001. At February 16, 2001, the lease was again renewed for a one-year term at a monthly rental of \$3,638.

Rent expense for the years ended December 31, 2000 and 1999 associated with these leases was \$65,115 and \$63,165, respectively.

Future minimum lease payments relating to these leases are as follows:

2001	\$46,736
2002	\$ 3,638

NOTE 8 CAPITAL LEASES

During June 1998, Goodwill acquired surveillance equipment under a non-cancelable capital lease totaling \$38,828. The lease is for three years and expires on March 1, 2001.

In November 1998, Goodwill also acquired three new copiers under a capital lease totaling \$15,837. The lease is for two years and expired November 20, 2000.

In May 1999, Goodwill acquired a copy machine under a capital lease totaling \$7,630. The lease is for three years and expires on May 3, 2002.

In December 1999, Goodwill acquired a copy machine under a capital lease totaling \$4,389. The lease expires on March 6, 2003.

In June 2000, Goodwill acquired two new copy machines under a capital lease totaling \$7,095. The lease is for three years and expires on May 20, 2003.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 8 CAPITAL LEASES (CONTINUED)

Amortization of these capital leases included in depreciation expense amounted to \$18,065 and \$14,862, for the year ended December 31, 2000 and 1999, respectively.

Future minimum lease payments under these capital leases are as follows:

2001	\$ 10,392
2002	5,808
2003	<u>1,132</u>
Total minimum lease payments	17,332
Less: Amount representing interest	<u>2,076</u>
Present value of future minimum capital lease payments	<u>\$ 15,256</u>

NOTE 9 CONCENTRATION OF CREDIT RISK

The majority of Goodwill's accounts receivable balance at December 31, 2000 and 1999 is comprised of amounts due from various state agencies.

NOTE 10 RECLASSIFICATIONS

Certain 1999 amounts have been reclassified to conform to the 2000 classifications. These reclassifications had no effect on reported net income.

SUPPLEMENTAL INFORMATION

**INTERNAL CONTROL, COMPLIANCE,
AND OTHER INFORMATION**

Independent Auditor's Report on Compliance and
On Internal Control over Financial
Reporting Based on an Audit of
Financial Statements Performed in
Accordance with Government Auditing Standards

The Board of Directors
Goodwill Industries of Acadiana, Inc.
Lafayette, Louisiana

We have audited the financial statements of Goodwill Industries of Acadiana, Inc. (a nonprofit organization), as of and for the year ended December 31, 2000, and have issued our report thereon dated May 22, 2001. We have conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations."*

Compliance

As part of obtaining reasonable assurance about whether Goodwill Industries of Acadiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Goodwill Industries of Acadiana, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and federal awarding agencies and is not intended to be and should not be used by anyone other than those specific parties.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

May 22, 2001

Independent Auditor's Report on Compliance with
Requirements Applicable to Each Major
Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133

The Board of Directors
Goodwill Industries of Acadiana, Inc.
Lafayette, Louisiana

Compliance

We have audited the compliance of Goodwill Industries of Acadiana, Inc. (a nonprofit organization), with the type of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended December 31, 2000. Goodwill Industries of Acadiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Goodwill Industries of Acadiana, Inc.'s management. Our responsibility is to express an opinion on Goodwill Industries of Acadiana, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations."* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Goodwill Industries of Acadiana, Inc.'s compliance with those requirements and performing such other procedures, as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Goodwill Industries of Acadiana, Inc.'s compliance with those requirements.

In our opinion, Goodwill Industries of Acadiana, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

The management of Goodwill Industries of Acadiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Goodwill Industries of Acadiana, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and is not intended to be and should not be used by anyone other than those specific parties.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

May 22, 2001

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2000

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal CFDA Expenditures</u>	<u>Amounts to Subrecipients</u>
<u>Department of Health & Human Services</u>			
Administration for Children and Families: Welfare Reform Research, Evaluation, and National Studies	93.595	\$ 760,820	\$ -
Passed through the Louisiana Department of Social Services, Office of Family Support: Temporary Assistance for Needy Families: Find Work Program	93.558	185,853	-
Passed through the Louisiana Department of Social Services, Office of Community Service: Children's Justice Act Grant	93.643	<u>8,000</u>	<u>-</u>
		<u>954,673</u>	<u>-</u>
<u>Department of Justice</u>			
Office of Juvenile Justice and Delinquency Prevention: Court-Appointed Special Advocate	16.547	16,250	-
<u>Department of Labor</u>			
Employment and Training Administration: Passed through the Private Industry Council of the St. Landry Parish JTPA: Welfare to Work Grant	17.253	171,116	-
Job Training Partnership Act: Passed through the Private Industry Council of the St. Landry Parish JTPA: Out of School Youth	17.250	<u>11,385</u>	<u>-</u>
		<u>182,501</u>	<u>-</u>
<u>Department of Education</u>			
Passed through the Louisiana Department of Education: Program for Infants/Toddlers with Disabilities-Part C: Family Services Coordination	84.181A	417,200	-
Passed through the Louisiana Department of Education: Passed through Cajun Heartland School to Work Regional Partnership: Out of School Youth	84.278E	<u>37,895</u>	<u>-</u>
		<u>455,095</u>	<u>-</u>
		<u>\$ 1,608,519</u>	<u>\$ -</u>

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2000
(Continued)

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of Goodwill Industries of Acadiana, Inc. and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations."*

OTHER SUPPLEMENTAL INFORMATION

GOODWILL INDUSTRIES OF ACADIANA, INC.

Departmental Schedule of Revenues and Expenses
Year Ended December 31, 2000

	Lawn Maintenance Contract	Contributed Goods Production		
		Retail	Salvage/ Transportation	Total
REVENUES	\$ 155,014	\$ 1,686,642	\$ 146,550	\$ 1,833,192
EXPENSES	<u>108,831</u>	<u>1,021,717</u>	<u>235,592</u>	<u>1,257,309</u>
Income (loss) before depreciation and amortization	46,183	664,925	(89,042)	575,883
DEPRECIATION AND AMORTIZATION	<u>7,432</u>	<u>76,257</u>	<u>9,610</u>	<u>85,867</u>
NET INCOME (LOSS)	<u>\$ 38,751</u>	<u>\$ 588,668</u>	<u>\$ (98,652)</u>	<u>\$ 490,016</u>

<u>Evaluation, Training and Rehabilitation</u>	<u>Administration</u>	<u>Totals</u>
\$ 2,826,814	\$ 29,781	\$ 4,844,801
<u>2,770,992</u>	<u>529,709</u>	<u>4,666,841</u>
55,822	(499,928)	177,960
<u>34,905</u>	<u>19,115</u>	<u>147,319</u>
<u>\$ 20,917</u>	<u>\$ (519,043)</u>	<u>\$ 30,641</u>

See independent auditor's report.

GOODWILL INDUSTRIES OF ACADIANA, INC.

**Summary of Corrective Action Taken on Prior Year Findings
Year Ended December 31, 2000**

No prior year findings were noted, therefore, no response is deemed necessary.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Findings and Questioned Costs Year Ended December 31, 2000

Part 1 Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on Goodwill Industries of Acadiana, Inc.'s financial statements as of and for the year ended December 31, 2000.

Reportable Conditions - Financial Reporting

There were no reportable conditions in internal control noted during the audit of the financial statements.

Material Noncompliance-Financial Reporting

There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

Goodwill Industries of Acadiana, Inc., at December 31, 2000, had three major programs: Welfare Reform Research, Evaluation and National Studies, CFDA Number 93.595, which received funds from the Department of Health and Human Services, Administration for Children and Families; Temporary Assistance for Needy Families – Find Work Program, CFDA Number 93.558, which received funds from the Department of Health and Human Services "passed through" the Louisiana Department of Social Services Office of Family Support; and the Welfare to Work Grant, CFDA Number 17.253, which received funds from the Department of Labor, Employment and Training Administration "passed through" the Private Industry Council of the St. Landry Parish JTPA.

Low-Risk Auditee

Goodwill Industries of Acadiana, Inc. is considered a low-risk auditee for the year ended December 31, 2000.

Major Program-Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2000.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2000
(Continued)

Part 1 Summary of Auditor's Results (Continued)

Auditor's Report - Major Program

An unqualified opinion has been issued on Goodwill Industries of Acadiana, Inc.'s compliance for its major federal programs for the year ended December 31, 2000.

Reportable Condition-Major Program

There were no reportable conditions noted during the audit of the major federal programs.

Compliance Finding Related to Major Program

The audit did not disclose any material noncompliance or questioned costs relative to its major federal programs.

Part 2 Findings Relating to an Audit in Accordance with Government Auditing Standards

There were no reportable conditions or instances of material noncompliance noted during the audit.

Part 3 Findings and Questioned Costs Relating to Federal Programs

The audit did not disclose any material noncompliance or questioned costs relative to its federal programs.

GOODWILL INDUSTRIES OF ACADIANA

**Management's Corrective Action Plan
Year Ended December 31, 2000**

No current year findings were noted, therefore, no response is deemed necessary.